

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02

PRS-01 EPA-04 CEQ-01 /112 W
----- 067839

R 081555Z MAY 75

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 1020

INFO AMEMBASSY OTTAWA

AMCONSUL VANCOUVER

UNCLAS HALIFAX 0145

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: POSSIBLE OIL PIPELINE FROM NEW BRUNSWICK TO
NEW YORK STATE

1. LOCAL CANADIAN PRESS HAS ITEM DATED VANCOUVER
WHICH NOT YET RUN IN HALIFAX PRESS STATING THAT TRANS-
MOUNTAIN PIPE LINE COMPANY OF VANCOUVER IS CON-
SIDERING BUILDING AN OIL PIPELINE FROM SAINT JOHN,
NEW BRUNSWICK TO BUFFALO, NEW YORK. PRESIDENT OF
TRANS-MOUNTAIN, E C HURD, INFORMED CANADIAN PRESS
THAT FEASIBILITY STUDY BEGUN ABOUT TWO MONTHS AGO.
HE DESCRIBED AS UNFORTUNATE AND PREMATURE A NEWS REPORT
THAT PUT A PRICE TAG OF 400 MILLION DOLLARS ON THE
PROJECT. HE SAID THAT TRANS-MOUNTAIN ENGAGED IN
INITIAL STUDIES ONLY AND IT IS TOO SOON TO SAY WHETHER
THE PROJECT WILL BE ECONOMICALLY FEASIBLE OR ENVIRO-
NMENTALLY ACCEPTABLE.

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WM HURD SAID THAT THE STUDIES WERE BEGUN BECAUSE OF

FORECASTS THAT REFINERIES IN THE NORTHERN AND MIDWEST UNITED STATES WOULD BECOME INCREASINGLY DEPENDENT ON OFFSHORE CRUDE OIL SUPPLIES.

3. IN FREDERICTON, NEW BRUNSWICK, CANADIAN PRESS LEARNED THAT JAMES ADDISON, PRESIDENT OF THE NEW BRUNSWICK DEVELOPMENT CORPORATION, TOOK THE CONCEPT OF THE OVERLAND PIPELINE TO TRANS-MOUNTAIN BECAUSE THE LORNEVILLE DEEPWATER PORT JUST OUTSIDE SAINT JOHN COULD SERVE AS A MAJOR TERMINAL FOR UNLOADING AND REFINING CRUDE OIL. HE SAID THAT LORNEVILLE IS ONLY PORT OF ITS SIZE ON EASTERN SEABOARD OF NORTH AMERICA.

4. ADDISON WAS APPARENTLY CONCERNED THAT TRANS-MOUNTAIN MAY HAVE THOUGHT STORY WAS LEAKED IN FREDERICTON. HE SAID THAT HIS CORPORATION IS VERY ANXIOUS TO LET ITS PARTNERS KNOW THAT THE REPORT ON THE PROJECT DID NOT QUOTE ORIGINATE WITH US UNQUOTE, AND THAT AS FAR AS HE IS CONCERNED STORY MUST HAVE COME FROM THE WEST.

5. A STAFF REPORTER OF THE HALIFAX CHRONICLE-HERALD, APPARENTLY HAVING READ THE ABOVE REPORTS, TELEPHONED MR HURD OF TRANS-MOUNTAIN ON EVENING OF MAY 7 AND CONFIRMED FACT THAT TRANS-MOUNTAIN HAD UNDERTAKEN STUDY A FEW MONTHS AGO TO DETERMINE FINANCIAL VIABILITY OF PIPELINE BETWEEN SAINT JOHN AND BUFFALO. HE SAID THAT TRANS-MOUNTAIN HAD APPROACHED THE NEW BRUNSWICK DEVELOPMENT CORPORATION REGARDING THE PROPOSAL AND HAD BEEN INFORMED BY THE LATTER THAT THERE WAS A QUOTE FAIRLY LARGE TRACT OF LAND UNQUOTE SOUTH OF SAINT JOHN WHICH MIGHT BE AVAILABLE FOR THE FIRM.

6. HURD SAID THAT CANSO STRAIT, ALSO A DEEPWATER AREA, IN NOVA SCOTIA HAD BEEN RULED OUT AS THE POINT OF ORIGIN FOR SUCH A PROJECT BECAUSE OF THE EXPENSE INVOLVED IN CONSTRUCTING ADDITIONAL PIPING.

7. ACCORDING TO HURD HIS COMPANY HAS NOT YET APPROACHED ANY AMERICAN COMPANIES REGARDING THE STUDIES. HE UNCLASSIFIED

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DISMISSED IDEA OF ORIGINATING THE PIPELINE AT PORTLAND, MAINE (ITS PROPOSED FIRST REFINING JUNCTURE) ON BASIS HARBOR UNABLE TO HANDLE TANKERS OF 120,000 TO 150,000 TONS.

8. HURD ALSO SAID THAT ALTHOUGH NEW BRUNSWICK DEVELOPMENT CORPORATION NOT A PARTY TO THE FEASIBILITY STUDY, IT IS BEING CONSULTED REGULARLY CON-

CERNING FINDINGS AND PROGRESS. TRANS-MOUNTAIN IN TURN IS RECEIVING CONTINUOUS INPUT FROM THE DEVELOPMENT CORPORATION REGARDING SUCH MATTERS AS LAND AVAILABILITY, SITE ADVANTAGES AND WATER DEPTHS. TRANS-MOUNTAIN WILL AWAIT COMPLETION OF COST STUDIES AND POSSIBLE SUBSEQUENT TALKS WITH INTERESTED UNITED STATES REFINERIES BEFORE DISCUSSING FINANCIAL ARRANGEMENTS WITH THE NEW BRUNSWICK DEVELOPMENT CORPORATION.

9. ALTHOUGH UNWILLING TO SAY WHEN THE STUDY WOULD BE COMPLETED, HURD SAID THAT TRANS-MOUNTAIN WAS MOVING QUICKLY TO GET AN APPRAISAL AS SOON AS POSSIBLE.

10. NEITHER HURD NOR NEW BRUNSWICK DEVELOPMENT CORPORATION DISCUSSED MATTER OF PERMISSION OF CANADIAN FEDERAL GOVERNMENT FOR EXPORT OF OIL FROM CANADA TO THE UNITED STATES WHICH APPEARS TO HAVE BEEN AT LEAST ONE FACTOR THAT MAY HAVE INHIBITED PROGRESS ON PROPOSED REFINERY AT CANSO STRAIT.
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